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March 5, 2012

VIA HAND DELIVERY

Ms. Bridget Bohac, Chief Clerk Texas Commission on Environmental Quality P.O. Box 13087 MC 105 Austin, TX 78711-3087

Re: Docket No. 2012-0204-IWD; TPDES Permit No. WQ00494900; East Texas Electric Cooperative, Inc; Woodville Renewable Power Project

Dear Ms. Bohac:

Enclosed is a copy of East Texas Electric Cooperative, Inc.'s Response to Hearing Requests. I also certify that all persons listed on the attached Service List have been served copies via electronic mail or first class mail where noted. Please feel free to contact me at (512) 476-6328 if you have any questions.

Sincerely,

Direct: (512) 476-6328

Email Address: Seals@gsfpc.com

PAS/adt

Enclosures: as noted

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Service List EAST TEXAS ELECTRIC COOPERATIVE, INC. DOCKET NO. 2012-0204-IWD; PERMIT NO. WQ000494900

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FOR THE REQUESTORS

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TCEQ DOCKET NO. 2012-0204-IWD

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EAST TEXAS ELECTRIC COOPERATIVE, INC.'S RESPONSE TO HEARING REQUESTS

East Texas Electric Cooperative, Inc. ("ETEC") files this Response to Hearing Requests that have been filed relative to ETEC's application for proposed TPDES Permit No. WQ0004949000 ("Application"). ETEC respectfully requests that the Texas Commission on Environmental Quality ("TCEQ" or "Commission") deny the hearing requests filed in this proceeding and approve TPDES Permit No. WQ0004949000 ("Permit"), as proposed by the Executive Director. As presented below, ETEC requests that the Commission find that none of the hearing requests filed in this proceeding are valid hearing requests, that none of the persons requesting a contested-case hearing ("Requestors") are "affected persons", and that the requests do not raise disputed issues of fact that are relevant and material to the Commission's decision on the Application.

Fundamentally, ETEC believes that the Requestors have not, and cannot, represent to the Commission that they may be adversely affected by the effluent discharge requested in the Application and authorized in the Permit. The Requestors are upstream and uphill from the Woodville Renewable Energy Project ("Project") site but more significantly, they are located in a different watershed almost two miles away from the proposed point of discharge. They have not identified a riparian interest downstream from ETEC's proposed discharge. This is a treated effluent discharge case. It is not an air quality case, a groundwater availability case, a land use case, or a damages case. The Requestors are not affected by the proposed discharge that is the subject of the Application and the Permit.

I. BACKGROUND

A. East Texas Electric Cooperative, Inc. and the Project

ETEC is an electric generation and transmission ("G&T") cooperative headquartered in Nacogdoches, Texas. ETEC was formed in 1987 for the purpose of coordinating and planning power procurement for three member G&T cooperatives, which include: Northeast Texas Electric Cooperative, Inc. ("NTEC"), Sam Rayburn G&T Electric Cooperative, Inc. (SRG&T"), and Tex-La Electric Cooperative of Texas, Inc. ("Tex-La"). ETEC now supplies wholesale power to these members, which in turn serves ten distribution cooperative members. The total load associated with these cooperatives is approximately 6,600 Gigawatt hours ("GWh") with a peak demand of 1,600 Megawatts ("MW").

ETEC has proposed the construction and operation of the Project, a new state of the art 49.9 Megawatt biomass-fired electrical generating facility located in Tyler County, Texas. The renewable energy project is to be located on an approximate 64-acre tract at the intersection of County Road 1020 and County Road 1030, west of U.S. Highway 287, approximately 1-mile south of Woodville. The Project will consist of one biomass-fired boiler, steam generator, best available air quality emissions control equipment, cooling tower, water treatment system (i.e. demineralizer system) fuel storage and handling, and ash storage and handling. The electricity generated from this plant will directly benefit the over 300,000 electric customer/members of the electric distribution cooperatives, which are members of the member ETEC generation and transmission cooperatives.

B. Other Project Permits and Approvals

ETEC applied to the TCEQ for State Air Quality Permit No. 91823, which would authorize construction and operation of the Project, in February 2010. After public notice and an opportunity for a contested-case hearing, the Executive Director issued the air quality permit on November 24, 2010. Subsequently, the start of construction deadline in the permit was extended to November 24, 2013.

To meet the cooling water requirements for the Project, ETEC has contracted with the City of Woodville for the beneficial reuse of the City's treated wastewater from the City's wastewater treatment plant ("POTW") located on Turkey Creek. The reclaimed wastewater will be piped to the Project from the POTW.

In addition to the reclaimed water, supplemental water will be supplied to the Project from three on-site groundwater wells. The groundwater will be used for boiler make-up, service water, and only as a limited back-up for the City's reclaimed water. ETEC applied for the water well permits from the Southeast Texas Groundwater Conservation District in September 2010. The District issued the permits to ETEC on April 15, 2011.

An on-site 2.5-million gallon capacity storm water pond will collect storm water and run-off generated from dust suppression activities. The storm water in the pond will be used as needed for on-site dust suppression. Water from the storm water pond will be discharged as storm water associated with industrial activity. ETEC will seek authorization to discharge storm water associated with industrial activity under the TPDES Multi-Sector Industrial General Permit for Storm Water – TXR050000.

In addition, ETEC has not applied for authority to discharge domestic wastewater generated at the Project under the Permit. All domestic wastewater will be routed to an on-site domestic sewage treatment facility. ETEC will seek authorization under an On-Site Sewage Facility ("OSSF") Permit.

C. ETEC Seeks Limited Discharge Authority for a Discharge Point Miles Away from Hearing Requestors

The Permit, when approved by the Commission, would only authorize the discharge of process wastewaters and process area storm water as described in the Application. As represented in the Application, the Project is anticipated to generate wastewater primarily from cooling tower blowdown. Other contributing wastewaters include boiler blowdown, deminerilization reject, process area storm water and water from miscellaneous minor activities on site. The Project will generate approximately 158-gallons per minute ("gpm") from these sources. All of the proposed wastewater discharge that would be authorized by the Permit will be piped back to a discharge point approximately 600 feet downstream of the City of Woodville's POTW outfall on Turkey Creek, approximately 1.8 linear miles from the Project site.

As the Executive Director found in his Response to Comments (see further discussion below), the Application seeks authority and the Permit would authorize only the discharge of cooling tower blow down, low volume waste sources, metal cleaning wastes, steam condensate and process area storm water via Outfall 001. The discharge route for Outfall 001 is via pipeline to Turkey Creek, then to Village Creek. Discharges of waste streams at locations other than Outfall 001 would not be authorized by the Permit.

D. The Hearing Requestors are Upstream from the Project

The 64-acre Project site drains to the west and south into to the watershed of Magnus Branch (see Figure 1 (USGS Location Map) and Figure 2 (Facility Layout Map) in the Application). Please note that to the extent Requestors property interests have been identified, those interests are located north and upstream from the Project site, and miles away from the point of discharge in Turkey Creek. Based on information contained in the Application, ETEC has prepared Attachment A, an aerial photograph of the area in the vicinity of the Project which identifies the

location of the Project, adjacent landowners including the location of Grady Miller, Jr.'s property, the pipeline route for both the reclaimed water and effluent, and the point of discharge into Turkey Creek. Also, please see Attachment B, which is a topographic map showing the Project site and Magnus Branch.

II. PROCEDRAL BACKGROUND

The Application was filed on December 23, 2010, and declared adminstratively complete on February 25, 2011. The Notice of Receipt and Intent to Obtain Water Quality Permit was published in English on March 10, 2011 in the Tyler County Booster and in Spanish on March 18, 2011 in El Perico. The Executive Director completed the technical review of the Application on July 9, 2011 and The Notice of of Application and Preliminary Decision prepared a draft permit. was published in English on September 8, 2011, and in the Beaumont Enterprise and in Spanish on September 16, 2011 in El Perico. One timely request for a public meeting was received. The request for a public meeting was denied by the Executive Director's staff in accordance with 30 TAC Section 55.154.(c). The public comment period for this application closed on October 17, 2011. A copy of the Application and draft permit has been available for viewing at the Allan Shivers Public Library, 302 N. Charlton St., Woodville, TX 75979. The Executive Director's final decision letter was mailed on December 22, 2011, and the period for filing a request for reconsideration or contested-case hearing ended on January 23, 2012.

III. PUBLIC COMMENTS AND EXECUTIVE DIRECTOR'S RESPONSE TO COMMENTS

The substance of all public comments and their responses were incorporated in the Response to Comments ("RTC") mailed with the Executive Director's final decision letter on December 22, 2011. The RTC represents a comprehensive effort to assess and respond to all written comments provided to the TCEQ during the comment period. The RTC should be considered a compilation of the totality of comments made on the Application.

Limited public comments were submitted in response to the Application. Most of the issues raised in the comments were not relevant and material to the Application. The Executive Director identified the following comments or issues:

- 1. Water availability. The Executive Director determined that this issue was not relevant and material to the Application.
- 2. Property values, destruction of way of life, and adverse impact on family business. The Executive Director determined that these issues were not relevant and material to the Application.
- 3. Protectiveness of the proposed discharge into Turkey Creek and destruction of water. The Executive Director determined that proposed

discharge under the water quality and technology based permit limitations of the Permit would not impair existing water quality uses in the receiving waters.

- 4. Odors from the one-acre domestic sewage disposal site. The Executive Director determined that the Application had been amended to remove the proposed land application of domestic sewage. This issue is no longer relevant or material to the Application.
- 5. **Noise from the operation of the Project**. The Executive Director determined that this issue was not relevant or material to the Application.
- 6. Seepage or runoff. The Executive Director determined that this issue as it relates to the one-acre domestic sewage disposal site (See Comment 4) was no longer relevant or material. As it relates to the storm water detention pond, the Executive Director determined that ETEC proposed that the construction and operation of the detention pond, including liner requirements to prevent leakage, would be authorized by TPDES Multi-Sector Industrial General Permit for Storm Water TXR050000, rendering this issue irrelevant and immaterial to the Application.
- 7. **Affect on well water**. (See Comments 4 and 6). This issue is not relevant and material to the Application.
- 8. **Effect on environment**. The Executive Director determined that the Application and Permit, if issued, would meet all applicable state and federal statutory and regulatory requirements. In addition, the Permit is protective of aquatic life and will maintain and protect existing uses in accordance with the surface water quality standards.
- 9. Adverse affect on livestock. The Executive Director determined that the constituents of concern in the proposed discharge as authorized by the Permit, if issued, are not expected to adversely impact livestock.
- 10.**Odors**. The Executive Director determined that this issue was not relevant and material to the Application.

In practice, the RTC has tremendous legal significance. The Commission's public participation procedures allow early input to provide for meaningful participation and a focus on truly disputed issues. As provided in Section 5.556, Texas Water Code, and 30 TAC Sections 55.156 and 55.201, only issues of fact raised during the comment period can form the basis of a disputed issue of fact referred to hearing at the State Office of Administrative Hearings ("SOAH").

In this case, as discussed further below, only one hearing request (Grady and Linda Miller) was filed challenging the consideration of public comments by the

Executive Director in the RTC. The five other hearing requests were filed in March and April of 2011 in response to the first notice, the *Notice of Receipt and Intent to Obtain a Water Quality Permit*, well in advance of the issuance of the RTC. Four of the five were identical letters from apparent family members. These early hearing requests include a range of comments that were fully and appropriately addressed by the Executive Director in the RTC. Except for the issues raised in the one post-RTC hearing request, the RTC should be viewed as unchallenged and agreed upon by the Requestors. There is no basis to construe the broad concerns raised by the early Requestors about environmental protection or other general matters not in dispute as specific disputed issues of fact to refer to SOAH for a constested-case hearing. The early Requestors did not meaningfully avail themselves of the rules such that a contested-case hearing could be justified in this case.

IV. LEGAL AUTHORITY

A. Hearing Request Requirements

Pursuant to 30 TAC Section 55.201(a), a constested-case hearing request on the Executive Director's final permit decision must be filed no later than 30 days after the Chief Clerk mails the decision and RTC. Before considering the merits of a contested-case hearing request, the Commission must determine whether the request meets the necessary requirements established by the Commission at 30 TAC Section 55.201(c) and (d). A timely, written hearing request must substantially comply with the following:

- (1) give the the name, address, daytime telephone number, and where possible, fax number of the person who files the request;
- (2) identify the person's personal justiciable interest affected by the application, including a brief, but specific written statement explaining in plain language the requestor's location and distance relative to the proposed facility or activity that is the subject of the application and how and why the requestor believes he or she will be adversely affected by the proposed facility or activity in a manner not common to members of the general public;
- (3) request a contested-case hearing; and
- (4) list all relevant and material disputed issues of fact that were raised during the public comment period and that are the basis of the hearing request. To facilitate the Commission's determination of the number and scope of issues to be referred to hearing, the requester should, to the extent possible, specify any of the executive director's response to comments that the requestor disputes and the factual basis of the dispute and list any disputed issues of law or policy.

B. Affected Person Status Requirement

A constested-case hearing request must identify how and why the requestor will be adversely affected by the proposed discharge in a manner not common to the general public (i.e., establish a personal justiciable interest), including a description of the requestor's use of the property that may be impacted by the proposed discharge. 30 TAC Sections 55.156(d)(3), 55.201(d)(2). If a hearing request is granted, only relevant and material disputed issues of fact raised during the comment period can be considered.

The statute and the rules provide factors to be considered in determining whether a requestor is a person affected by the Executive Director's decision such that the decision affects a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest. An interest common to members of the general public does not qualify as a personal justiciable interest. Section 5.115, Texas Water Code, 30 TAC Section 203(a). For an individual requestor, Section 55.203(c) directs the Commission to consider:

- (1) whether the claimed interest is protected under the law under which the permit application will be considered;
- (2) distance restrictions or other limitations imposed by law on the affected interest;
- (3) whether a reasonable relationship exists between the interest claimed and the activity regulated;
- (4) likely impact of the regulated activity on the health and safety of the person, and the use of property of the person; and
- (5) likely impact of the regulated activity on use of the impacted natural resource by the person.

C. Requirements for Relevant and Material Disputed Issues Referred to SOAH

Prior to referral to SOAH, the Commission must not only find that the requestor is an affected person, but must also specify in an order the number and scope of disputed issues. The Commission may not refer an issue to SOAH for a contested-case hearing unless the Commission determines that the issue: (1) involves a disputed question fact; (2) was raised during the public comment period; and (3) is relevant and material to the decision on the application. 30 TAC Section 50.115(c).

V. THE HEARING REQUESTS

Six hearing request letters have been filed concerning the Application. Four of the six are identical letters received by the Chief Clerk on April 4, 2011, shortly after the first notice of the Application was published. These requests are from Pam Harrell, Edward and Tammy Miller, Grady and Linda Miller, and Billy and Penny Tinkle (jointly referred to as the "Grady Miller 1 Requests"). A fifth request letter, received by the Chief Clerk on March 17, 2011, is from Kristy Miller, John Miller, Jacob Webley, and Adrianna Miller (referred to as the "Kristy Miller Request"). The sixth hearing request letter, received by the Chief Clerk on January 3, 2012, is also from Grady and Linda Miller (referred to as the "Grady Miller 2 Request")

VI. ANALYSIS OF HEARING REQUESTS

A. Hearing Requests Do Not Meet Necessary Requirements

The public comment period on the Application ended on October 17, 2011. All six of the requests were in writing and were timely filed by January 23, 2012. However, with respect to Section 55.201(d), all of the hearing requests are deficient. The Requestors have failed to specifically identify their location and distance relative to the the proposed discharge in Turkey Creek. In addition the Requestors have not explained in their requests why they would be adversely affected by the discharge into Turkey Creek in a manner not common to member of the general public. The Requestors are neither adjacent nor downstream of the discharge route. The Requestors cannot explain how they would be adversely affected by a discharge miles away from their property in a different watershed.

ETEC recommends that the Commission find that none of the hearing requests meet the requirements of 30 TAC Section 55.201(d).

B. The Requestors Are Not Affected Persons

None of the Requestors have identified their personal justiciable interest affected by the Application. The Application requests authority to discharge into Turkey Creek miles away from the Requestors. They have not included any specific statement or information explaining the Requestors location and distance relative to the Project and the point of discharge proposed in the Application and Permit. They have failed to explain how and why they believe they will be adversely affected in a manner not common to members of the general public.

The Requestors in the both the **Grady Miller 1 Requests** and **Grady Miller 2 Request** assert that they all have property bordering the Project site. In the Application, ETEC identified "Grady Miller Jr." as the owner of property abutting the northwest portion of the Project site. The Application included information demonstrating that the Project site drains west and south into Magnus

Branch. Mr. Miller's property is upstream from the Project site. More importantly, to the extent the Requestors have identified their property interests, those interests are miles away (and in a different watershed) from ETEC's proposed point of discharge into Turkey Creek. The Requestors have not identified any personal justiciable interest in Turkey Creek downstream from the proposed point of discharge. The Requestors have not, and cannot, explain how and why they will be adversely affected by the proposed discharge miles away in Turkey Creek in a manner not common to members of the general public.

In the **Kristy Miller Request**, Ms. Miller has identified the address of her property as 1233 County Road 1020, Woodville, Texas. As with the other Requestors, this property is located north of the Project site. Again, this identified property interest is not affected by the discharge proposed in the Application. Ms. Miller has not, and cannot, explain how and why she and her family will be adeversely affected by the proposed discharge miles away in Turkey Creek in a manner not common to member of the general public.

ETEC recommends that the Commission determine that none of the Requestors are affected persons.

C. Requestors Do Not Raise Relevant and Material Fact Issues

As discussed above, the Executive Director identified 10 issues raised by public comments received on the Application. Only a limited number of these issues were raised in the hearing requests. Of these, most were determined by the Executive Director to be irrelevant and immaterial to the Application and Permit. Referring to the Comments addressed by the Executive Director in the RTC, as discussed above, the Requestors base their requests on Comments/Issues 1 (water availability), 2 (property values, destruction of way of life, and adverse impact on family business), 3 (protectiveness of the proposed discharge into Turkey Creek and destruction of water), 9 (adverse affect on livestock), and 10 (odors). Of these, the Executive Director determined that Comments/Issues 1, 2, and 10 were not relevant and material to the Application and Permit.

Regarding Comment/Issue 3, the Executive Director determined that the proposed discharge under the water quality-based and technology-based effluent limitations in the Permit would protect the quality of the receiving waters. Also, the Executive Director has performed Tier I and Tier II antidegradation reviews in accordance with the Texas Surface Water Quality Standards. These reviews demonstrated that existing water quality uses would not be impaired and that there would be no lowering of water quality by more than a de minimis extent in Turkey Creek. The Grady Miller 2 Request does not take issue with the Executive Director's determinations but instead raises issues regarding air emissions, groundwater availability, groundwater impacts and the discharge of storm water

run off from the Project. These issues were determined by the Executive Director to be irrelevant and immaterial to the Application and Permit.

Regarding Comment/Issue 9, the Executive Director determined that the constituents of concern in the proposed discharge as authorized by the Permit, if issued, are not expected to adeversely impact livestock. The Executive Director stated that the Permit was developed in accordance with the Texas Surface Water Quality Standards, which are designed to protect human health and the environment, including protection of surface water from toxicity to terrestrial and aquatic life. The **Grady Miller 2 Request** does not challenge the water quality and technical review of the Executive Director, but instead raises issues relating to damages to "family, property, livestock, vegetation, business and ect. (sic)" and liability for these damages. Issues related to damages are not relevant and material to the Application and Permit.

VII. NO DISPUTED ISSUES OF FACT REMAIN

In the event that the Commission determines, for the purposes of this proceeding, that any of the Requestors are affected persons entitled to a contested-case hearing (which ETEC disputes), ETEC requests that the Commission determine that the Requestors are no longer raising disputed issues of fact that are relevant and material to the Application and Permit. As discussed above, the **Grady Miller 2 Request** does not dispute the water quality and technical analysis of the Executive Director. Instead, the **Grady Miller 2 Request** raises issues that are irrelevant and immaterial to the Application and Permit

After consideration of the Executive Director's RTC and the **Grady Miller 2 Request**, the Commission should find that all issues raised by the Requestors in their requests are not on disputed issues of fact that are relevant and material to the Application and Permit.

VIII. LOCATION AND DURATION OF THE CONTESTED-CASE

Should the Commission decide to refer this case to SOAH, ETEC recommends that the hearing be held in Austin, and last no longer than six months from the preliminary hearing to the proposal for decision.

IX. ETEC'S RECOMMENDATION

ETEC respectfully recommends the following actions by the Commission:

1. Find that none of the Requestors have filed a hearing request that meets the requirements of the Commission for such requests and deny the hearing requests;

- 2. Find that none of the Requestors are affected persons and deny the hearing requests; and
- 3. Should the Commission find that any of the Requestors meet the requirements of 30 TAC Section 55.205, the Commission find that there are no disputed issues of fact that are relevant and material to the Application and Permit.

Respectfully submitted

By:

Paul Seals

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East Texas Electric Cooperative



